ARIZONA DEPARTMENT
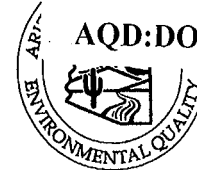## OF
ENVIRONMENTAL QUALITY

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AQD:DO 2012.069

Janice K. Brewer
Governor

Henry R. Darwin
Director

292112

September 24, 2012

Arizona Public Service Company
Cholla Steam Electric Station
Attention: Mr. James Reilly
P.O. Box 188
Joseph City, AZ 85032

Re: Extension Request for Compliance with Mercury Air Toxics Standard (MATS),
       Cholla Generating Station, Permit No. 53399

Dear Mr. Reilly:

The Arizona Department of Environmental Quality (ADEQ) is in receipt of your letter dated August 7, 2012, regarding the request for a one year extension for compliance with the 40 CFR 63, Subpart UUUUU - NESHAP: Coal and Oil Fired Electric Utility Steam Generating Units (MATS) for the Cholla Generating Station Units 1, 2, 3, and 4. Based upon the issues complicating the installation of the retrofit emissions technology, including:

1) Uncertainty about unit viability due to EPA's partial disapproval of the Arizona Regional Haze State Implementation Plan and proposal of a Federal Implementation Plan Best Available Retrofit Technology;

2) Vendor availability; and

3) Difficulties of certifying Particulate Matter and Mercury Continuous Emissions Monitoring Systems;

ADEQ hereby approves the request for a one year extension of compliance with the MATS, pursuant to 40 CFR 63.9(c), and §63.6(i), with a final compliance achievement date of April 16, 2016; contingent upon the submittal of a permit revision request to incorporate the conditions of the extension of compliance into the Title V permit; a description of the controls to be installed to comply with the standard; and a compliance schedule, indicating the date by which each step towards compliance will be reached. If you have any questions, please feel free to contact me at (602) 771-2288.

Sincerely,

Eric C. Massey, Director
Air Quality Division